



Missouri Public Service Commission

1989 Annual Report

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William D. Steinmeier, Chairman

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History of the Commission

Missouri Public Service Commission

From regulating street cars and railroads in 1913, to telephone divestiture and nuclear power plants in the 1980s, the Missouri Public Service Commission has had a changing, but major, impact on the State's citizenry and economy throughout most of the Twentieth Century.

Governor Elliott Major supported creation of the Missouri Public Service Commission. In his inaugural address of January 13, 1913, Major called the creation of the Missouri Public Service Commission, "one of the necessities of the hour." Governor Major stated, "The enactment of such a law will not only be to the interest of the public, but also to the interest of the utilities regulated and controlled. A number of other states, including New York and Wisconsin, have already enacted such a law, and it has proven to be exceptionally benefi-

cial and satisfactory. The control of public service corporations is a fixed policy of this State and government, and it is now an accepted axiom that the operation of a public utility is a public trust, subject to the control of the State by fair and just regulatory measures." Governor Major considered the creation of the Missouri Public Service Commission to be "one of the most important acts of the Legislature in many years."

The 47th General Assembly passed legislation sponsored by Carroll County Senator William Busby which created the Missouri Public Service Commission. The law, which took effect on April 15, 1913, was the first trial in Missouri of comprehensive, statewide regulation of rates and service of all public utility companies by a commission. The Missouri Public Service Commission replaced the Board of Railroad and Warehouse Commissioners which had been established in 1875 to regulate railroads operating in Missouri.

Two Democrats and two Republicans were named to the first Commission. In its April 14, 1913 editions, the *Jefferson City Daily Post* stated, "By going outside of his own party and appointing two Republicans the governor upset the doleful prediction of Senator James A. Reed and other old guard

leaders that he would appoint 'political henchmen' to the commission and thus pay off his political debts."

John Atkinson, a former Assistant Attorney General and Speaker of the Missouri House, was named as the Commission's first chairman. Atkinson, from Doniphan, Missouri, had acted as private secretary to the Governor during the previous legislative session. Former Missouri Supreme Court Justice John Kennish also served on the first Commission. Kennish, a former state senator, served from 1913 until 1917. He returned in 1920 to fill the unexpired term of David Blair when Blair left the Commission to serve on the Missouri Supreme Court. Frank Wightman, a railroad expert from Monett, Missouri, and a former member of the Board of Railroad and Warehouse Commissioners, was appointed to the first Commission. The fourth member named was Howard Shaw, Dean of the School of Engineering at the University of Missouri-Columbia. St. Louis attorney William Woerner was appointed to the PSC on July 3, 1913. Woerner's appointment came almost three months after the other four Commissioners had been appointed.

Under the law creating the Missouri Public Service Commission, the PSC was to hold sessions in the State Capitol in Jefferson City. Due to the 1911 fire which destroyed a good portion of the Capitol, the Commission held its first session in the temporary State Capitol. That structure was built between the State Capitol and the current Missouri Highway and Transportation Department Building. During that session, the Commission issued its first order which granted authority to the Missouri, Kansas and Texas railroad to issue

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\$54,978,000 in bonds for refunding, rebuilding equipment and the acquisition of new property. After its first session, the Commission moved to quarters in the old Supreme Court Building until the State Capitol was rebuilt. The old Supreme Court Building was located where the Missouri Highway and Transportation Department Building stands today.

When established in 1913, the PSC was given general supervision over all railroads, street railroads, express companies, all kinds of car companies, steamboat companies operating upon waters in Missouri and all other common carriers. The Commission was also given jurisdiction over all gas corporations, electric, telephone, telegraph, water and municipal systems.

At the close of the year, December 31, 1913, there were 877 corporations, municipalities and individuals engaged in serving the public in some capacity that, by operation of PSC law, placed them under the supervision and jurisdiction of the Commission. In 1913, the Commission regulated approximately 426 telephone corporations.

With the creation of the Missouri Public Service Commission, the General Assembly no longer set rates for public utilities. In 1907, the General Assembly passed a law which had reduced the maximum rates for railroad companies carrying freight and passengers. Those railroad companies obtained an injunction against enforcement of the law and an appeal was taken on behalf of the State of Missouri to the United States Supreme Court. The court case, generally referred to as "The Missouri Rate Cases," was argued before the U. S. Supreme Court by the Missouri Attorney General's office. Lead by then

Attorney General Elliott Major, the state's position was upheld in 1913.

In 1915, the Missouri Public Service Commission listened while railroad companies offered specific evidence seeking to raise rates above those mandated by statute in 1907. In a November 10, 1915 decision, the Commission allowed the railroad companies to charge fares and rates higher than those that had been fixed by statute. Commissioner Edwin Bean wrote in a 1961 *Missouri Historical Society Bulletin*, "Governor Major made no public comment on the decision, but he was furious that a commission of his creation had increased the rates he had labored so hard to maintain in the case in court."

The 1915 case proved to be a significant one in the early history of the Commission. Edwin Bean wrote that while the case "... made many enemies for the Commission, especially among members of succeeding legislatures, it gained strong supporters among conservative elements, including the judges of the Appellate Courts. The public utility companies had stood (sic) askance at the enactment of the Public Service Commission Law. The decision in the railroad rate case convinced them that decisions by the Commission would be made on the evidence rather than on

political considerations, so that they became supporters of such legislation at the state rather than at the local level."

Rates during the first four years of the Missouri Public Service Commission remained stable and, in many cases, they were lowered. That changed with World War I. With the war came a sharp rise in the cost of labor and materials.

Commissioner David Blair looked back at the war years in a speech before the St. Louis Electrical Board of Trade in April, 1920. Blair told the gathering that "... while men will smilingly and complaisantly, though not uncomplainingly, pay two or three times the old prices for food and clothing, building materials and for their amusements, an advance of from 20 to 40 percent in utility service rates is always met by a

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storm of popular disapproval." Blair noted rates had to increase or bankruptcy and complete breakdown of service would have been the ultimate result.

In the early 1920s, a storm of opposition arose against Public Service Commissions across the country. The public had grown suspicious because utility rates had increased because of high prices. Many seemed to think Commissions were established solely to reduce utility rates. Even though labor, fuel and materials rose drastically, the public failed to understand why utility rates must go up. Commissioner Blair noted that due to the war and the need to increase utility rates, the early opponents of state regulation became its champions while its former champions became its critics.

The Missouri Public Service Commission moved from its quarters in the

old Supreme Court Building in the early 1920s. The Commission held sessions in its new quarters in the State Capitol.

Prices started to decline during the end of 1921 and early in 1922. When a utility company was granted a rate increase by the Public Service Commission, that company filed detailed financial statements of its revenues and expenses with the Commission. Those reports were reviewed by the PSC Staff. Whenever it appeared a utility company had a sufficient decrease in operating cost, the Commission did not set a formal hearing. Instead, the Commission made a phone call. The company was told it could stand a rate reduction and they could either agree with the Commission's reduction or request a formal hearing. Although some protested, most accepted the rate reduction.

The Missouri General Assembly passed legislation in 1927 which expanded the duties of the Missouri Public Service Commission. The Commission was given jurisdiction over motor bus operators, increasing the PSC workload by approximately 30 percent. Problems in the motor bus industry existed when the PSC took over jurisdiction. There were no established rates and some of the vehicles used on Missouri highways were unsafe.

Before regulation was fully established, the Commission learned of several cases in which passengers were left stranded on highways.

In 1927, the Missouri public was furnished telephone service by approximately 1,300 companies. The Missouri PSC regulated approximately 475 telephone companies while another 825 were small mutual companies, a majority of which were formed by farmers who maintained their own lines and equipment and did not provide service to the general public.

The duties of the Missouri Public Service Commission expanded again in 1931 when the Commission was given jurisdiction over motor freight carriers. The Bus and Truck Act became effective on September 14, 1931. During this period, the Commission also issued orders which authorized the construction of natural gas plants in 40 Missouri cities which did not have natural gas service. Central Missourians watched as the Osage River took on a new look in the early 1930s as Union Electric Company built Bagnell Dam which created the Lake of the Ozarks.

In July of 1934, the Missouri Public Service Commission moved from its offices in the State Capitol to the old Federal Court Building which adjoined the Capitol grounds. From November 1934 to November 1936, the Commission issued approximately 7,700 orders on utility matters.

The early 1940s found the United States involved in World War II. The repercussions of war were felt by the Missouri Public Service Commission as employees were lost to the war cause and projects planned by the Commission had to be delayed.

During the war, the Commission

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expanded its usual and customary work to meet the emergencies of war. Special studies were made by the Commission on methods of defense against every anticipated sabotage effort to plants which supply water, electricity, gas and other utilities necessary for the civilian and military population. After the bombing of Pearl Harbor, problems developed regarding power and gas supplies. The Missouri Public Service Commission joined other midwestern commissions to form the Mid-West Utility Commissioners Committee. Under its supervision, studies and surveys were made of available power supplies in various states in order to reserve power for use in emergencies and in the war effort.

The first female Commissioner was appointed to the PSC in January, 1943. Miss Agnes Mae Wilson, a Trenton, Missouri lawyer and former high school teacher from Galt, Missouri, was Secretary of the Commission prior to her appointment. Her time on the Commission was a busy one. By 1945, the Commission had jurisdiction over 36 railroads, nearly 100 bus companies and approximately 1,000 truck companies. The Commission also regulated 300 companies supplying electricity, gas, water and steam to Missourians. The Public Service Commission also regulated approximately 161 telephone companies.

As the United States headed out of the 1940s and into the 1950s, utility companies were faced with the problem of rendering services to a greatly increasing number of customers through facilities which were basically constructed before the war. Increased operating costs caused many utility companies to petition the Commission seeking an increase

in rates.

In 1920, there were 348 separate electric systems operating in Missouri. By the mid-1950s, there were 14. Electric plant investment from the mid-1940s to the mid-1950s increased by approximately 248 percent. At the same time, use of service by the public had increased by that much or more. Gas companies continued to grow at an enormous rate during this time and water companies were able to expand plants and complete construction work to meet increased customer needs.

The Missouri Public Service Commission regulated approximately 493 telephone companies in 1920. By the mid-1950s, that number had dwindled to 144 due to consolidations by purchase and transfers to corporate interests. Plant investment for telephone service throughout Missouri increased by approximately 264 percent. To replace former systems with dial operated plants, old telephone plant had to be extensively replaced. In addition, companies continued to expand the telephone network into the rural areas of Missouri.

The Commission moved its operations again in the 1950s. This time, the Commission moved from the old Federal Court Building to the Jefferson State Office Building. The Commission

occupied the 9th and 10th floors of that building for approximately 30 years before moving into its present offices in the Truman State Office Building in November, 1983.

From 1951 to 1960, gas utilities expanded dramatically. The volume of gas sold increased by 77 percent during that time and income from gas sales increased by approximately 122 percent. Investment in plant property increased 169 percent and the number of consumers using natural gas increased by approximately 31 percent.

The telecommunications industry continued to grow as Missouri entered into the 1960s. New telephone services such as WATS and Telepak were introduced. In addition, 95 percent of all telephones in Missouri were dial operated. In 1963, extensive cable pressurization programs were being carried out to provide extra resistance to service interruptions caused by storms and rain. In

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1964, a new service plan was introduced to upgrade telephone service to approximately 28,000 rural customers who had eight-party service.

Following a major power failure in the northeastern part of the United States in November of 1965, Missouri Governor Warren Hearnes ordered an investigation to determine if a similar power failure could occur in Missouri. The Public Service Commission was responsible for the investigation which was to also determine what steps could be taken to avert such a power failure and what appropriate actions could be taken in the event a massive failure did occur in Missouri. The investigation revealed Missouri's power situation was less vulnerable to breakdown than in the heavily populated northeast. The report also recommended corrective measures be taken to assure an uninterrupted power supply for Missouri consumers.

Governor Warren Hearnes on June 1, 1967, signed into law emergency legislation which gave the Missouri Public Service Commission control over private sewer systems operating as public utilities in Missouri.

Several rate increase request cases were filed with the Missouri Public Service Commission during the late 1960s and early 1970s. Most increase requests were made because inflationary pressures had driven up the cost of labor, materials and capital for utility companies. The effects of inflation were intensified due to the rising demand for those services provided by utility companies. In order to keep pace with demand, many utilities were forced to undertake expansion at a time when costs were high. During the 1970-71 fiscal year, there were 51 utility rate proceedings before the Commission, a 66 percent increase over the previous year and a 100 percent increase over the 1968-69 fiscal year.

The duties of the Missouri Public Service Commission were expanded during the 1972-73 fiscal year. The Commission was given jurisdiction over the safety of mobile homes and recreational vehicles. In 1973, the Commission started a program enforcing safety standards covering mobile homes and

recreational vehicles manufactured or sold in Missouri.

In 1973, the Missouri Public Service Commission authorized the Kansas City Power and Light Company and the St. Joseph Light and Power Company to construct a 600 megawatt coal-fired generating plant on the Missouri River near Weston. Today that facility is known as Iatan. In July of that same year, Union Electric Company announced its intention to construct the first nuclear-power electric generating plant in Missouri. The Callaway nuclear power plant is located approximately 20 miles northeast of Jefferson City in Callaway County. The Callaway nuclear power plant began commercial operation in December, 1984.

The first review of the management and operations of a utility under the jurisdiction of the Missouri Public Service Commission was made in the fall of 1975. The Commission directed the Missouri Public Service Company to contract with a consulting firm to conduct a management review of the company. The Continental Telephone Company of Missouri was ordered in November of 1975 to contract with a consulting firm for a management review. In addition, Union Electric of St. Louis was also directed to contract with a consultant in November of that same year to review Union Electric's plans for the construction of its nuclear power plant facility in Callaway County, Missouri.

The Missouri Public Service Commission took an important step toward helping consumers who were faced with utility bills they could not pay when it adopted the Cold Weather Rule in 1977. This rule contains strict procedures which utility companies must follow

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before heat-related utility service can be terminated during the winter months.

A Commission decision in 1974 was overturned by the Missouri Supreme Court on June 29, 1979 when the high court disallowed the so-called "fuel adjustment clause" for electric companies under PSC jurisdiction. In 1974, the Commission authorized the state's electric utilities to automatically pass along changes in the price of fuel from its suppliers to its customers. However, in 1979, the Missouri Supreme Court ruled the Commission did not have the express statutory authority to grant any rate increases to electric companies without considering "all relevant factors". On October 19, 1979, the Cole County Circuit Court, on remand, ordered the state's major electric utilities to refund approximately \$14 million collected through a surcharge to the fuel adjustment clause during 1976 and 1977. In addition, the court ordered the companies to add 6 percent interest to the refund.

Dramatic increases in the price of natural gas greeted Missouri consumers as they entered into the 1980s. The entire nation was faced with an energy crisis, which included people waiting in line at local gas stations to fill up their cars at prices which reached over a dollar a gallon. The federal government enacted the Natural Gas Policy Act of 1978, which provided for the phased deregulation of natural gas by 1985. As a result, natural gas customers in Missouri saw rates increase by approximately 127 percent from January, 1979 to July, 1983. Rate increases granted to wholesale suppliers by the Federal Energy Regulatory Commission accounted for approximately 112 percent of that increase.

During the early 1980s, the Missouri Public Service Commission was faced with new and complicated issues, including nuclear power plant rate cases and the divestiture by AT&T of its Bell Operating Companies. January 1, 1984, marked the implementation of one of the biggest antitrust case settlements in United States history; the breakup of AT&T. Access line rates, interLATA and intraLATA competition, telephone bypass and toll pooling were issues before the Public Service Commission. The continued goal of universal telephone service, the future pricing structure of telephone rates and the smooth transition of the telephone industry toward an increasingly competitive telecommunications environment were at stake.

Since its creation in 1913, the Public Service Commission regulated transportation matters (railroad, bus and truck) in Missouri. That changed in 1985 when Governor John Ashcroft signed into law Senate Bill 2 which established a separate Division of Transportation to handle transportation matters. After more than 70 years, transportation issues were no longer under PSC jurisdiction.

The challenge of determining prudent nuclear power plant construction

costs faced the Missouri Public Service Commission in 1984. Three electric companies filed rate cases with the Commission seeking to place nuclear power plant construction costs in consumer rates. Arkansas Power and Light Company sought to include its share of the cost of the Grand Gulf nuclear power plant. Union Electric Company sought recovery of the construction costs of its Callaway nuclear power plant and the Kansas City Power and Light Company filed a rate case involving the Wolf Creek nuclear power plant. In each case, rate proposals filed with the Commission would have a significant impact upon consumer rates.

On March 29, 1985, the PSC issued its first decision regarding nuclear power plant construction costs. The Commission disallowed approximately \$384

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million from Union Electric Company's rate base due to mismanagement and unjustified cost overruns at the Callaway nuclear power plant. That represented the largest single "prudence" disallowance by any PSC in the nation up to that time. In addition, the Commission ordered the company to phase-in a \$455 million (45%) increase over an eight year period to lessen the financial impact upon customers of the utility company.

On April 23, 1986, the Commission determined that approximately 60 percent of Kansas City Power and Light Company's rate increase request should be denied. A \$78.2 million increase was ordered phased-in over a seven year period. The Commission cited excess capacity, cost overruns and project mismanagement at the Wolf Creek plant and excessive earnings in non-Wolf Creek operations as major factors in

reaching its decision. A final rate case decision involving nuclear power plant construction costs was reached on April 24, 1986, when the Commission issued its decision in a case filed by the Arkansas Power and Light Company. The Commission significantly reduced the company's request, authorizing Arkansas Power and Light to phase-in a \$6 million rate increase over five years. The company had asked for approximately \$17.1 million. A significant portion of Arkansas Power and Light's rate increase was attributable to a Federal Energy Regulatory Commission decision which allocated 36 percent of the Grand Gulf nuclear power plant costs to Arkansas Power and Light.

On March 28, 1986, the Commission rejected, for a second time, a request filed by the Union Electric Company to recoup from ratepayers, the cancellation costs of the Callaway II nuclear power plant. The case came before the Commission on remand from the Missouri Supreme Court. In 1983, the Commission had denied the cancellation costs, stating "Proposition I" barred recovery. ("Proposition I" was a statute enacted by referendum which prohibited recovery of power plant construction costs before a plant was "fully operational

and used for service"). Union Electric appealed the Commission's decision and the state's high court remanded the matter to the Commission for further findings, declaring "Proposition I" was inapplicable to costs of a cancelled unit. In the Commission's 1986 decision, the PSC determined the cancellation costs were extraordinary expenses which the Commission could allow or disallow, in its discretion, based upon the unique facts and circumstances of an individual case. The Commission compared the effect of non-recovery on Union Electric with the effect of recovery upon ratepayers. The Commission concluded that "the increased rates associated with recovery would be unjust and unreasonable." The Commission's decision was upheld by the Missouri Court of Appeals, Western District, on November 1, 1988.

In the spring of 1986, Governor John Ashcroft named a 20-member task force to review and recommend possible changes in state laws regarding the telecommunications industry. Commission Chairman William Steinmeier was named to head the task force. Through this committee's work, House Bill 360 was introduced and passed by the Missouri Legislature. On September 28, 1987, the first major revision of Chapter 392 since its enactment in 1913, took effect. The new statutory framework is designed to give the Commission the necessary flexibility to manage the transition of the telecommunications industry to a more competitive environment. The new law authorizes the Commission to relax regulation of telecommunications services where competitive market forces are operating to protect consumers from unfair prices. It also protects the provision of basic local tele-

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phone service as a non-competitive service provided under traditional regulation by the Commission.

In October of 1986, President Ronald Reagan signed into law the most significant overhaul of our income tax system since 1954. Within two weeks of the signing of the Tax Reform Act of 1986, the Commission initiated a proceeding to determine the impact of the new income tax structure upon public utilities in Missouri.

During 1987, the Missouri Public Service Commission reached an unprecedented accomplishment when it issued decisions which lowered utility rates by approximately \$451 million statewide. Of that total, approximately \$161 million reflected agreements reached among various parties to reduce rates to reflect savings associated with the Tax Reform Act of 1986. The balance reflected decisions reached based upon audits conducted primarily by the Public Service Commission Staff on various utility companies in Missouri.

During 1987, the Commission issued decisions which eliminated phase-in schedules for Union Electric and the Kansas City Power and Light Company as they related to previous Commission decisions in nuclear power plant cases. Union Electric's phase-in schedule was eliminated three years ahead of schedule, saving ratepayers approximately \$183.2 million in scheduled rate increases through 1990. In addition, phase-in increases totaling approximately \$90 million over a four year period from 1989 through 1992 were eliminated for customers of the Kansas City Power and Light Company. The phase-in elimination was the result of an agreement reached among several parties, including the PSC Staff and the Office of the Public Counsel.

In the wake of seven natural gas incidents in Missouri between October 30, 1988 and February of 1989, the Public Service Commission on February 24, 1989, issued an emergency rule which required all natural gas distribution companies and municipal system operators to conduct instrument leak survey tests on all unprotected customer owned and company owned steel service lines by July 1, 1989.

Those seven natural gas incidents resulted in five fatalities, 17 injuries and extensive property damage.

On May 1, 1989, the Commission proposed a major rewrite of its natural gas pipeline safety rules, designed to strengthen the gas safety program in Missouri.

The proposed permanent rules included an increase in the frequency of leak surveys of unprotected steel lines to require those lines be inspected annually; requiring replacement programs for unprotected steel service lines and yard lines; and requiring the development of a replacement program for cast iron mains.

After extensive summer hearings, the Commission adopted its proposed rules on November 9, 1989.

Throughout its history, the Missouri Public Service Commission has been called upon to reach many major decisions which effect all Missourians and the economic growth of our State. While the Commission's role has changed from regulating street cars in 1913 to the rapidly changing telecommunications environment of the 1980s, its charge during this period has remained the same. The Commission has maintained the role of ensuring customers receive safe and adequate service at just and reasonable rates while affording shareholders of the utility company an opportunity to earn a reasonable return on their investment.

References: Missouri Public Service Commission Annual Reports 1913-1988.

Statement from the Commission

Fiscal Year 1989 from the Commissioners' perspective

The Missouri Public Service Commission has the responsibility of ensuring that consumers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders the opportunity to earn a reasonable return on their investment.

The Commission regulates utility rates, service and safety. Investor-owned electric, gas, telephone, sewer, and water companies are under the Commission's jurisdiction. The Commission also monitors the construction of mobile and modular homes and recreational vehicles.

Although rates charged by electric cooperatives and municipal governments are determined by their governing boards, the Commission has jurisdiction over the safety of services provided by the cooperatives and municipally-operated natural gas systems. Utility

services provided by municipal governments are exempt from Commission regulation, except for the regulation of natural gas safety.

Natural Gas Safety Crisis

The Commission focused its attention upon the safety of the State's natural gas distribution systems in 1989. The need for a re-examination of the safety of these natural systems became apparent following seven natural gas incidents in Missouri during the 1988-89 heating season. These explosions and fires resulted in five fatalities, 17 injuries and extensive property damage.

On February 24, 1989, the Commission issued an emergency rule requiring all gas corporations and municipal gas systems to immediately inspect unprotected steel service lines. The Commission determined that unprotected steel service lines constituted an immediate danger to the public health and safety, requiring the adoption of the emergency rule.

All investor-owned and municipally-operated gas systems completed leak surveys utilizing sophisticated instruments, pursuant to the emergency rule

adopted by the Commission. These gas operators discovered 26,380 natural gas leaks statewide, 11,865 of which were classified as hazardous leaks which required repair within two weeks of detection.

Based upon the results of the leak surveys conducted statewide, the Commission on May 1, 1989, proposed a major revision of its natural gas pipeline safety rules. The revisions were designed to strengthen the gas safety program required of natural gas distribution companies in the State. The major provisions of the new permanent gas safety rules included:

- increasing the frequency of leak surveys of unprotected steel lines to require those lines be inspected annually;
- requiring the use of the latest instrument technologies for performing leak surveys and prohibiting reliance on visual, vegetation surveys for leaks;
- requiring replacement programs for unprotected steel service lines and yard lines;
- requiring the development of long term replacement programs for cast iron mains;
- establishing specific training requirements for company gas safety personnel;
- prohibiting the installation of "customer-owned" service lines and yard lines.

These proposed rules were made permanent on November 9, 1989, following the completion of rulemaking proceedings. In addition, House Bill No. 938 was enacted by the General Assembly which clarified and strengthened the Commission's jurisdiction over municipally-operated natural gas systems.

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Southwestern Bell Telephone Rate Complaint Proceeding

On June 20, 1989, the Commission issued its decision in complaint proceedings brought by the Commission Staff and the Office of the Public Counsel alleging that Southwestern Bell Telephone Company's rates were excessive. The Commission also addressed telephone network modernization issues and a rate stability plan proposed by Southwestern Bell entitled "Telefuture 2000."

The Commission concluded that Southwestern Bell's annual telephone revenues should be reduced by approximately \$101 million. The Commission also encouraged Southwestern Bell to continue its efforts to modernize its telephone network in Missouri. The Commission also rejected the part of Southwestern Bell's "Telefuture 2000" plan which would have allowed the company to increase telephone rates annually based upon increases in the Consumer Price Index, minus a three percent productivity factor.

Following the Commission's decision, Southwestern Bell sought and obtained a stay from the Cole County Circuit Court, pending the Company's appeal of the rate reduction order. The Office of the Public Counsel also appealed the Commission's decision, arguing that some of the rate reductions should have included basic, local exchange services.

On September 26, 1989, the Commission reached an agreement with Southwestern Bell and the Office of the Public Counsel which ended their appeals of the Commission decision and resulted in substantial rate reductions, a rate case moratorium through 1992, and

a telephone network modernization plan for customers of Southwestern Bell Telephone Company. Under the settlement agreement, Southwestern Bell agreed to reduce annual telephone revenues by approximately \$82 million. Basic monthly telephone services and long distance rates received rate reductions. In addition, service connection charges, touch tone rates, access charges, zone and mileage charges, and WATS, 800 service and foreign exchange rates were reduced.

Southwestern Bell also agreed to replace all of its electromechanical switches with state-of-the-art digital switches by 1992. In addition, telephone wiring between central offices in the Southwestern Bell system will be replaced with fiber optic cable by 1992. Multi-party service will also be eliminated by 1997.

The Commission recognized that as more of Southwestern Bell's regulated services are subject to competition, the telephone company should have additional incentives to increase its operating efficiency and effectively compete. A three year incentive plan was developed under the settlement agreement. Under this experiment, the company will be allowed to keep all earnings up to a 14.1

percent return on equity. If the company earns more than 14.1 percent, it will share any excess over 14.1 percent with its customers in the form of bill credits.

Telecommunications Reform

The decision of the federal government to require AT&T to divest itself of the Bell Operating Companies and the decision of the Federal Communications Commission to introduce competition into many of the telecommunications markets has required the Public Service Commission to reevaluate traditional methods for regulating telecommunications companies.

In 1989, the Commission decided to modify the traditional regulatory framework for regulating the interexchange industry to provide for more pricing

Statement from the Commission

flexibility. American Telephone & Telegraph (AT&T) will be permitted to adjust rates within a specified band of rates without filing a traditional rate case. Other interexchange carriers (i.e. MCI, U.S. Sprint and 26 other interexchange carriers) were classified as "competitive" and, as a result, the Commission will not regulate the rates charged by these carriers.

Under the Commission decision, AT&T agreed to flow through to its customers the reduction in access charges which was ordered by the Commission in the Southwestern Bell complaint case. The Commission has estimated that AT&T's rates should be reduced by approximately 10 percent due to access charge reductions. In addition, AT&T agreed to further reduce its rates by 1.5 percent annually for the next four years.

These changes in regulatory methods were made pursuant to authority granted by the legislature in House Bill No. 360. In a nutshell, House Bill No. 360 authorizes the Commission to relax regulation of telecommunications services where competitive market forces are operating to protect consumers from unfair prices. It also protects the provision of basic local telephone service as a non-competitive service provided under traditional regulation by the Commission. It protects against abandonment of basic service by AT&T and the local telephone companies. Because statewide average long distance rates make long distance service available to all Missourians—both urban and rural—on equal terms, the bill requires permission from the Commission before any rates for service are deaveraged. It also requires the Commission to scrutinize rates for basic telephone service to ensure that competitive enterprises are not being subsidized by a customer's local telephone bill.

A service or company may be classified by the Commission as competitive, transitionally competitive, or non-competitive. The degree of regulation of such service or company will depend

upon the classification into which it falls. Thus, the statute will allow the Commission to bring to consumers the benefits of competition in those areas where it may thrive. Consumer benefits are expected to include greater innovation, a wider variety of products and services, and of course, several companies competing to provide service at the lowest price. At the same time, it authorizes the Commission to manage the transition to a more competitive environment and to fully regulate and maintain reasonably affordable basic telephone service.

Extended Measured Service Experiments and Extended Area Service Alternatives

The Commission also monitored ongoing experiments with Extended Measured Service (EMS) in 1989. Under the experimental plan, customers in exchanges with high usage to adjoining exchanges could receive a 50 percent discount on toll calls to the adjoining exchange. As an alternative, residential customers could receive service to the adjoining exchange under a pricing plan of \$5 per month and 25 cents per call. The Commission will consider the results of these experiments in the future and will determine if similar services should be made available throughout the state. In addition, the Commission will consider alternative flat rate extended area service plans being developed by the Office of the Public Counsel, the local exchange telephone industry, and certain municipalities. Hearings regarding these plans were conducted in September, 1989, and a Commission decision is expected in December, 1989.

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Alternative Operator Service

On April 19, 1989, the Commission issued its decision regarding the provision of operator services to hotels, privately-owned pay telephones, colleges, hospitals, airports, and other traffic aggregators. The Commission determined that alternative operator services provided to traffic aggregators was not in the public interest and will not be allowed in Missouri if the telecommunications company provides operator services principally to traffic aggregators. However, the Commission determined that operator services provided directly to customers ancillary to toll service would be authorized in the State. The Commission will allow operator services provided to aggregators only by firms which primarily provide operator services directly to customers ancillary to toll services in Missouri under certain conditions designed to protect customers from abuses.

Participation Before Federal Bodies

The Commission continued its active participation in federal forums to ensure that national policies are consistent with the best interests of Missourians.

In recent years, there have been a number of significant regulatory initiatives undertaken by the Federal Energy Regulatory Commission (FERC) with regard to those segments of the natural gas and wholesale electric industries under its jurisdiction. These initiatives have included the establishment of an open access gas transportation system, the de-regulation of "old" natural gas,

and more recently, rulemaking proceedings regarding independent power producers, competitive bidding for supply of electricity and the determination of avoided cost rates for cogeneration. The Commission has actively participated and testified in proceedings before the FERC where Missouri interests were affected.

The Commission has also participated in numerous proceedings before the Federal Communications Commission (FCC) concerning such issues as the appropriate level of the federal subscriber line charge, and rate cap proposals for regulating AT&T and local exchange companies. In addition, the Missouri Commission participated in the appeal of the FCC's Computer III decision which pre-empted the states in the enhanced services markets.

Conclusion

In conclusion, the Missouri Public Service Commission continues to review its regulatory policies to ensure that the broad public interest is promoted and protected. It remains the responsibility of the Commission to ensure that consumers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders the opportunity to earn a reasonable return on their investment.

Commission Resources

Key Staff Personnel

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William Steinmeier, Chairman	751-4132
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Gene Fee, Chief Hearing Examiner	751-3015
Barb Skalla, Chief Court Reporter	751-4255

OFFICE OF THE SECRETARY

Harvey Hubbs, Secretary	751-7494
Dan Redel, Manager - Internal Accounting	751-2457
Jim Phillips, Manager - Mobile Homes	751-7119
Judy Fritsch, Manager - Records	751-7496
Kevin Kelly, Manager - Information	751-9300

OFFICE OF GENERAL COUNSEL

Mary Ann Young, General Counsel	751-7485
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UTILITY DIVISION

Gordon Persinger, Utility Division Director	751-4020
Dan Ross, Administration and Federal Affairs	751-7491
Bill Washburn, Manager - Utility Operations	751-7505
Sam Goldammer, Manager - Communications Department	751-2508
Bo Matisziw, Manager - Natural Gas Department	751-2152
Bill Sankpill, Manager - Water and Sewer Department	751-7074
John Renken, Manager - Generating Facilities	751-7527
Janet Hoerschgen, Manager - Consumer Services	751-3160
Mark Oligschlaeger, Manager - Accounting Department	751-7443
Michael Proctor, Manager - Research and Analysis	751-7518
Art Wimberley, Manager - Management Services	751-7439
Ron Shackelford, Manager - Financial Analysis Department	751-8515

Commission Resources

Current Commissioners and Biographies



William D. Steinmeier

Chairman

Mr. Steinmeier, an attorney, was first appointed Chairman of the Missouri Public Service Commission by Governor Christopher S. Bond on January 26, 1984, to complete an unexpired term. He was reappointed to a full six year term on April 15, 1985, by Governor John Ashcroft.

He is a member of the NARUC Executive Committee and Electricity Committee and serves on the Administrative Law Committee of the Missouri Bar.

Mr. Steinmeier received his JD degree from the University of Missouri-Columbia Law School in 1975, and his BA in Political Science from Wheaton College, Wheaton, Illinois, in 1972.

Mr. Steinmeier and his wife, Rebecca, have five children.

Chairman Steinmeier's term expires on April 15, 1991.



James M. Fischer

Vice-Chairman

Mr. Fischer, an attorney and former Public Counsel for the State of Missouri, was first appointed to the Missouri Public Service Commission by Governor Christopher S. Bond on January 3, 1984, to complete an unexpired term. He was reappointed to a full six year term on April 15, 1985, by Governor John Ashcroft.

He serves on the NARUC Committee on Communications, the Federal Communication Commission's Federal/State Joint Board, the Federal Communications Commission's Joint Conference on Open Network Architecture and the Council on Economic Regulation.

Mr. Fischer received his law degree from the University of Kansas in 1976, and his BS in Economics and Political Science from the University of Kansas in 1973.

Mr. Fischer and his wife, Hannelore, have three children.

Commissioner Fischer's term expires on April 15, 1991.

Commission Resources



Allan G. Mueller

Mr. Mueller, a former member of the Missouri Senate and House of Representatives, was appointed to the Missouri Public Service Commission by Governor Christopher S. Bond on July 11, 1983. Commissioner Mueller was reappointed and confirmed by the Missouri Senate to a second six year term in July of 1989.

He is currently serving on the NARUC Committee on Energy Conservation.

Mr. Mueller received his BS degree in Business Administration from St. Mary's University in San Antonio, Texas, in 1965.

Mr. Mueller and his wife, Carol, have four children.

Commissioner Mueller's term expires on April 15, 1995.



David L. Rauch

Mr. Rauch, a former member of the Missouri House of Representatives, was appointed to the Missouri Public Service Commission by Governor John Ashcroft on March 23, 1989.

Mr. Rauch had served in the Missouri General Assembly since 1979. As a legislator, he was Chairman of the Property Equalization and Classification Committee of the Missouri House of Representatives, and was a recipient of the St. Louis Globe-Democrat meritorious public service award for his efforts toward property tax reform in Missouri.

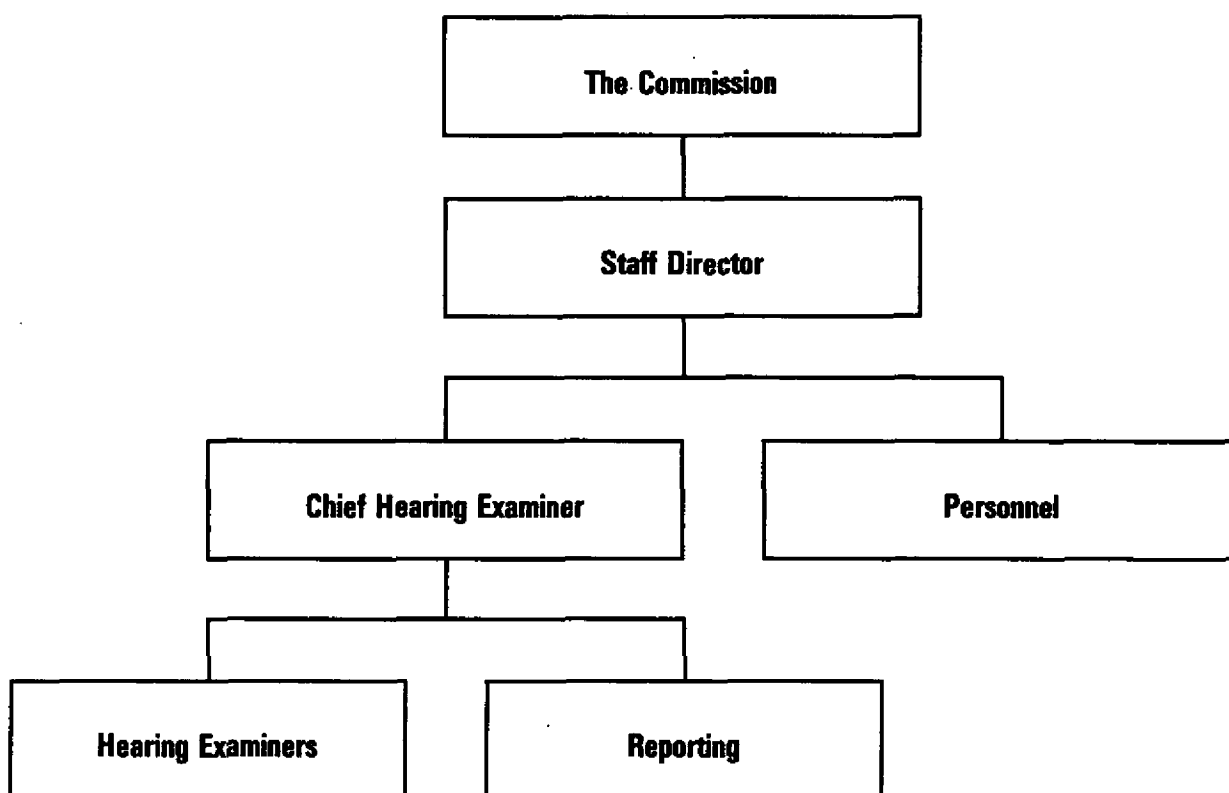
Mr. Rauch received his BA in History from Drury College. He also holds a Masters in Divinity from Andover Newton Theological School.

Mr. Rauch and his wife, Christine, have four children.

Commissioner Rauch's term expires on April 15, 1993.

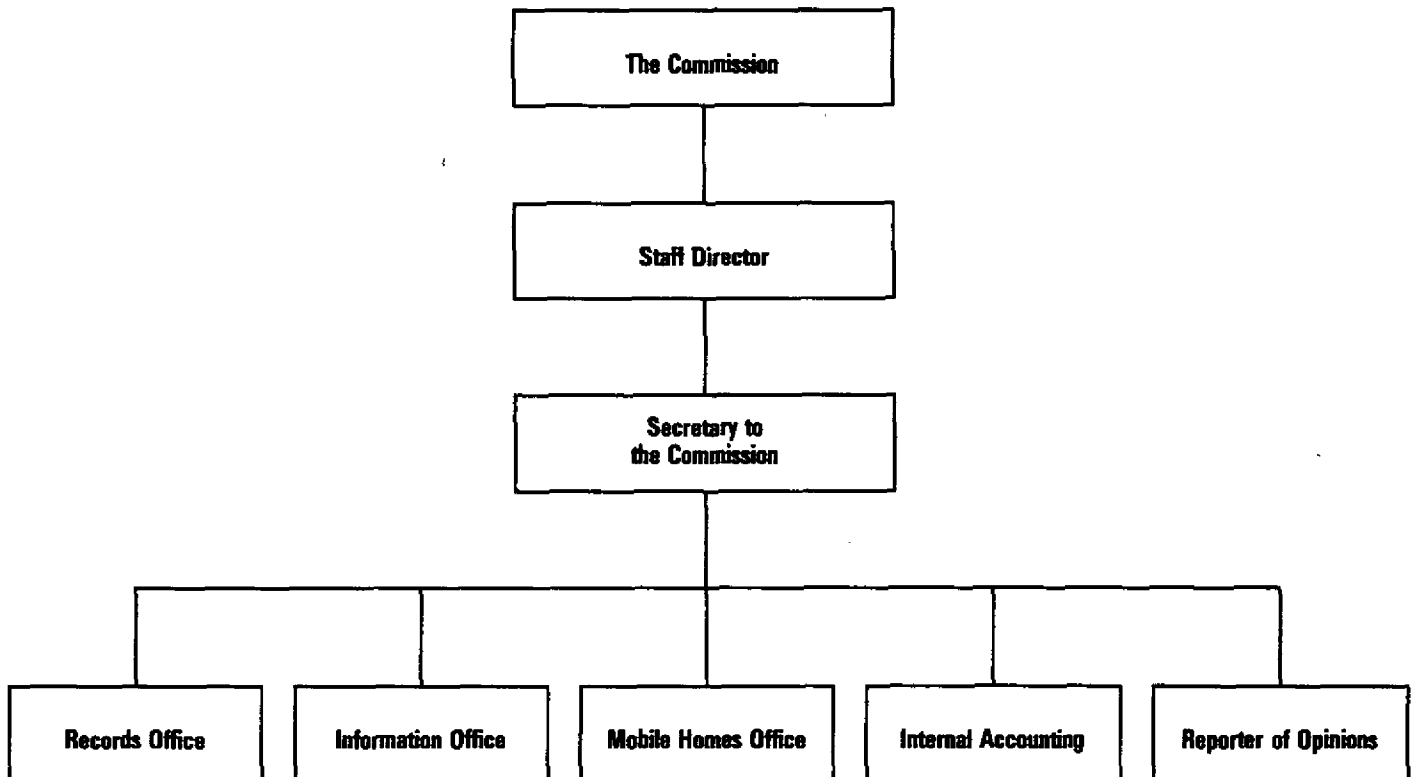
Commission Resources

Executive Division



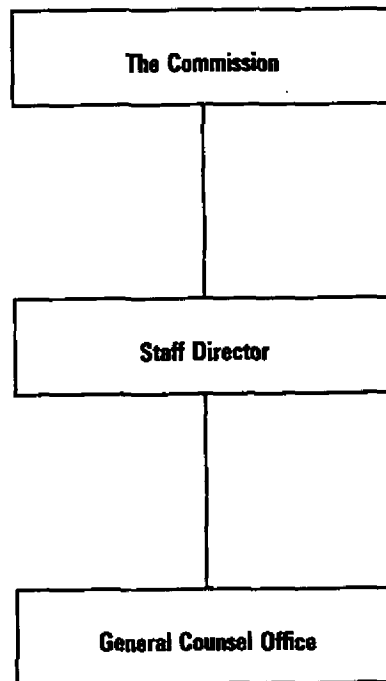
Commission Resources

Office of the Secretary



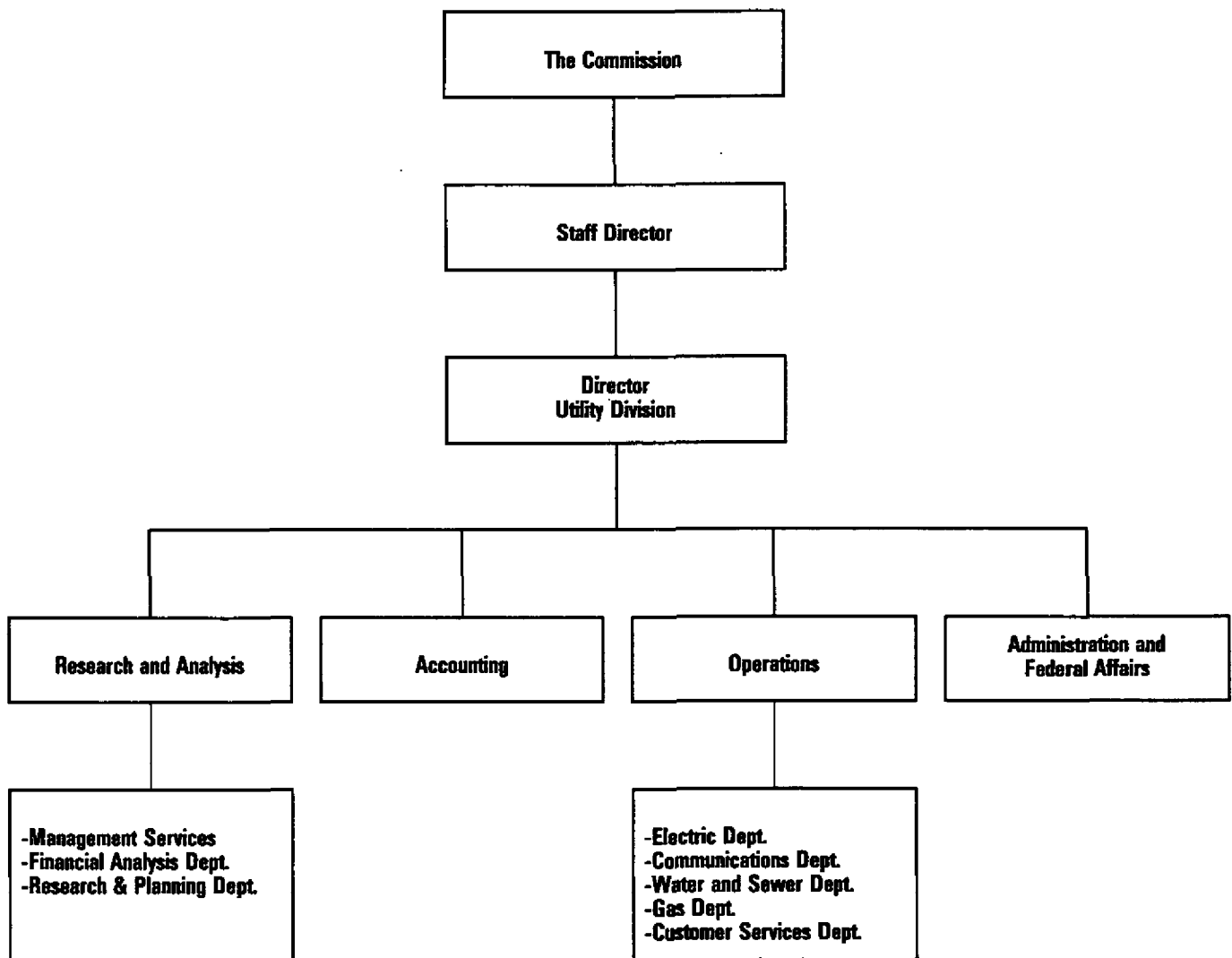
Commission Resources

General Counsel



Commission Resources

Utility Division



Commission Resources

Budget

	FY 1988	FY 1989	FY 1990
EXECUTIVE DIVISION			
Personal Service	\$ 844,587	\$ 853,587	\$ 911,222
Expense and Equipment	129,277	129,277	129,277
F.T.E.	25.00	25.00	25.00
OFFICE OF THE SECRETARY			
Personal Service	\$ 366,605	\$ 372,365	\$ 394,083
Expense and Equipment	798,422	312,836	285,836
F.T.E.	16.00	16.00	16.00
GENERAL COUNSEL			
Personal Service	\$ 476,669	\$ 483,059	\$ 512,520
Expense and Equipment	76,543	93,543	103,543
F.T.E.	17.75	17.75	18.00
UTILITY DIVISION			
Personal Service	\$ 3,589,074	\$ 3,633,354	\$ 3,945,284
Expense and Equipment	1,170,713	1,170,713	1,231,047
F.T.E.	123.00	123.00	126.00
MOBILE HOMES			
Personal Service	\$ 140,922	\$ 143,082	\$ 152,120
Expense and Equipment	163,107	27,279	27,279
F.T.E.	6.00	6.00	6.00
TOTALS			
Personal Service	\$ 5,417,857	\$ 5,485,447	\$ 5,915,229
Expense and Equipment	2,338,062	1,733,648	1,776,982
Total	<u>\$ 7,755,919</u>	<u>\$ 7,219,095</u>	<u>\$ 7,692,211</u>
 F.T.E.	 <u>187.75</u>	 <u>187.75</u>	 <u>191.00</u>

Regulatory Activities

Year-at-a-Glance

July 1988	12	PSC denies AT&T request to establish a directory assistance charge within the State of Missouri.
	14	PSC files comments with the Federal Energy Regulatory Commission regarding NOPR's on Competitive Bidding and Independent Power Producers.
August	12	PSC Staff files complaint case against the Southwestern Bell Telephone Company. Staff seeks to reduce Southwestern Bell's annual revenues by approximately \$201.2 million.
	22	PSC denies request filed by the Great River Gas Company seeking to lease a portion of its natural gas system to the Tri-Energy Pipeline Company.
	30	PSC approves request filed by Southwestern Bell to reinstate quarterly bill credits to reflect company savings associated with the federal Tax Reform Act of 1986. Southwestern Bell will return to residential customers approximately \$15.2 million in quarterly bill credits.
	30	PSC approves the merger of the Osage Natural Gas Company into the United Cities Gas Company.
September	7	PSC approves agreement which authorizes the Missouri Telephone Company to reduce annual revenues by approximately \$138,000.
	9	PSC approves agreement which authorizes Missouri Public Service to increase annual natural gas revenues by approximately \$4.1 million.
October	14	PSC approves agreement which authorizes the Capital City Water Company to increase annual water revenues by approximately \$125,000.
	19	PSC conducts special program honoring 75th anniversary.
November	28	PSC approves agreement which authorizes the Citizens Telephone Company to reduce annual telephone revenues by approximately \$80,000.
	30	PSC approves application which authorizes UtiliCorp United Incorporated to acquire all of the issued and outstanding common stock of the Liberal Gas Company, the Seward County Pipeline Company and the Seward County Gas Company.
December	16	PSC approves agreement which authorizes Contel of Missouri, Incorporated, Contel System of Missouri, Incorporated and the Webster County Telephone Company to reduce annual telephone revenues by approximately \$5.9 million.
	28	PSC approves application which authorizes the merger of the Webster County Telephone Company into Contel of Missouri, Incorporated.
	29	PSC authorizes the Citizens Electric Corporation to reduce annual electric revenues by approximately \$2.5 million to reflect a change in wholesale power costs.
February 1989	21	PSC approves application filed by the United Telephone Long Distance Company of the Midwest (UTLD) to provide long-distance telephone service in Missouri.

Regulatory Activities

	24	PSC approves application filed by the St. Joseph Light & Power Company to acquire all of the issued and outstanding shares of common stock of the Lawler Investment Corporation, and thereby acquiring, indirectly, all of the issued and outstanding shares of common stock of Lawler's wholly-owned subsidiary, the Missouri Valley Natural Gas Company.
	24	PSC issues emergency rule requiring all gas corporations and municipal gas systems to immediately inspect unprotected steel service lines. The Commission determined unprotected steel service lines constitute an immediate danger to the public health and safety, requiring the adoption of an emergency rule.
March	10	PSC authorizes U.S. Water/Lexington Incorporated to increase annual water revenues by approximately \$86,000.
	15	Missouri Cities Water Company files \$1.1 million rate request with PSC.
	21	Fourth year of Arkansas Power and Light phase-in of Grand Gulf costs takes effect.
	23	GTE North Incorporated files an \$8.3 million rate request with the Missouri PSC.
	23	Governor Ashcroft appoints David Rauch to the Missouri Public Service Commission.
	31	PSC approves the merger of the Michigan Energy Resources Company into UtiliCorp United Incorporated.
April	12	PSC approves the merger of the Great River Gas Company into the United Cities Gas Company.
	17	PSC issues order prohibiting Alternative Operator Service (AOS) providers from operating in Missouri.
May	1	PSC proposes major rewrite of natural gas pipeline safety rules, designed to strengthen the gas safety program in force in Missouri.
June	20	PSC issues decision which reduces Southwestern Bell Telephone Company's annual revenues by approximately \$101 million. Commission also encourages Southwestern Bell to continue efforts to modernize its system in Missouri. Southwestern Bell seeks and receives a stay of the Commission's order from Cole County Circuit Court. The PSC, Office of the Public Counsel and Southwestern Bell reach an agreement in September of 1989 which reduces Southwestern Bell's annual revenues by approximately \$82 million. Southwestern Bell also agrees to modernize its telephone system.
	20	PSC to conduct management audit of KPL Gas Service.
	27	Chairman William D. Steinmeier named President of the Mid-America Regulatory Conference, an association of utility regulators from throughout the Midwest.

Regulatory Activities

Electric Rate Cases Decided During Fiscal Year 1989

Date of Order	Case No.	Company	Company Requested	%	PSC Decision	%
12/29/88	ER-85-143	Citizens Electric Corp.	—	—	(\$ 2,500,000)	(10.8%) (1)
3/21/89	ER-85-265	Arkansas Power & Light Co.	\$ 17,178,000	46.9%	\$1,400,000	3.2% (2)

(1) Negotiated settlement from wholesale supplier, Union Electric.

(2) Grand Gulf plant increase—4th year.

Natural Gas Rate Cases Decided During Fiscal Year 1989

Date of Order	Case No.	Company	Company Decision	%	PSC Granted	%
9/9/89	GR-88-194	Missouri Public Service	\$ 6,100,000	16.5%	\$ 4,100,000	12.9%

Regulatory Activities

Telephone Rate Cases Decided During Fiscal Year 1989

Date of Order	Case No.	Company	Company Requested	PSC Decision	Percent*
8/30/88	TR-88-23	Southwestern Bell Telephone Company	—	(\$ 15,200,000) (1)	(a)
9/7/88	TR-89-53	Missouri Telephone Co.	—	(\$ 138,000) (2)	(7-12%)
11/28/88	AO-87-48	Citizens Telephone Co.	—	(\$ 80,000) (3)	(26-29%)
12/16/88	TR-89-106	Contel, Contel System of Missouri and Webster County Telephone Co.	—	(\$ 5,900,000) (4)	(9.3%)
6/20/89	TC-89-14	Southwestern Bell Telephone	Complaint Case	(\$101,000,000) (5)	(b)

*Residential basic monthly telephone rate reduction percentage.

(1) Quarterly bill credits to reflect savings associated with the federal Tax Reform Act of 1986 were extended.

(2) Rate reduction resulting from PSC Staff audit.

(3) Rate reduction relating to the federal Tax Reform Act of 1986.

(4) Rate reduction resulting from PSC Staff audit.

(5) PSC Staff filed a complaint case against Southwestern Bell. As a result of the Commission's decision, Southwestern Bell sought and received a stay of the order. On September 26, 1989, the Public Service Commission, Southwestern Bell and the Office of the Public Counsel reached an agreement which reduced Southwestern Bell's annual revenues by approximately \$82,000,000.

(a) Every third month, residential customers received a bill credit which amounted to an approximate 25 percent reduction in their basic monthly telephone rate.

(b) Long-distance rates were reduced approximately 20%, touch tone rates approximately 30%, mileage charges were reduced as were service connection charges.

Regulatory Activities

Water and Sewer Rate Cases Decided During Fiscal Year 1989

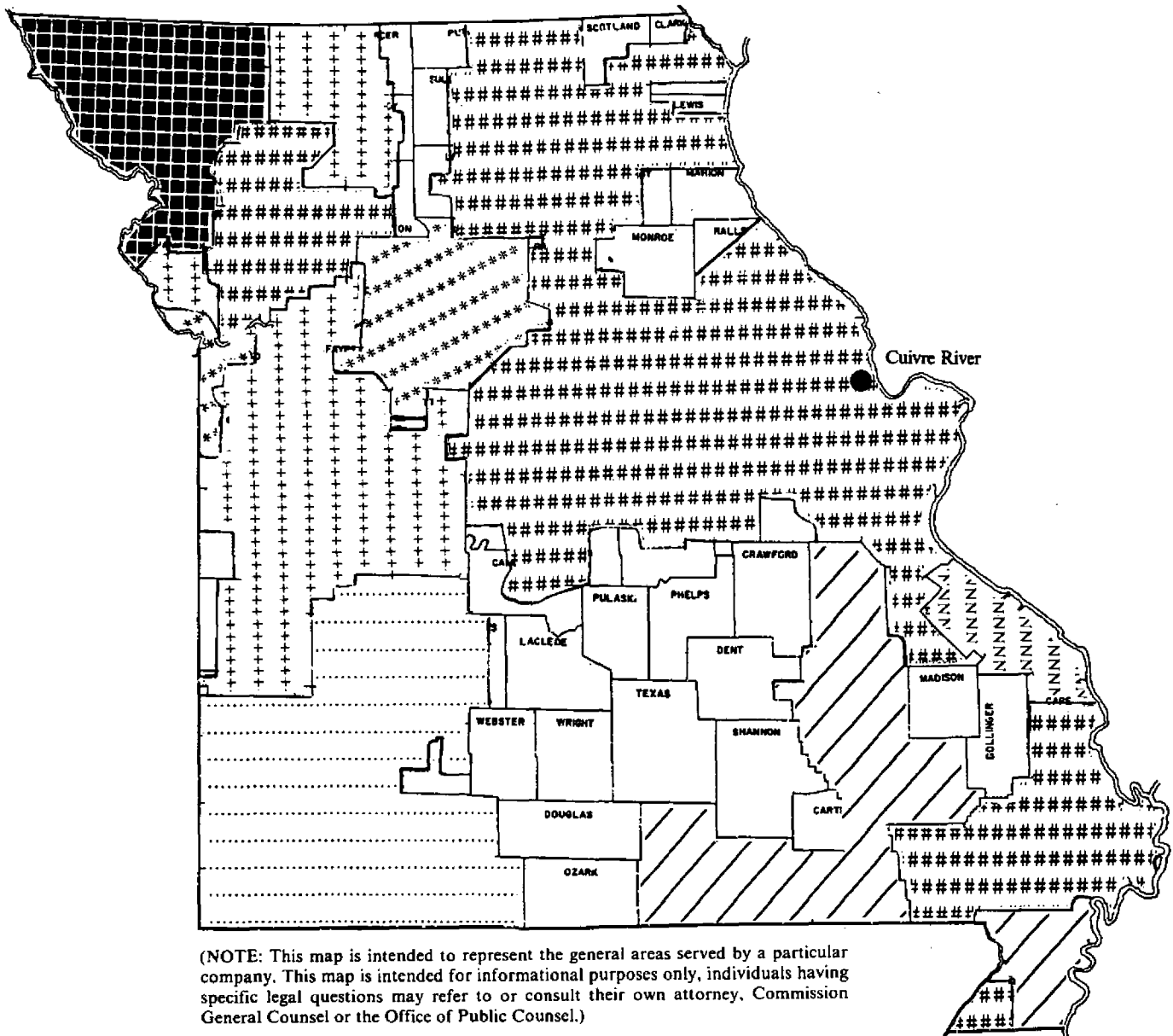
Date of Order	Case No.	Company	Company Requested	%	PSC Granted	%
10/14/88	WR-88-215	Capital City Water Co.	\$ 361,700	15.2%	\$ 125,000	5.2%
3/10/89	WR-88-255	U.S. Water/Lexington	\$ 195,000	27.3%	\$ 86,000	12.5%
—	WR-89-125	Southwest Village Water Co.	Withdrawn			





Informal Rate Cases




Date of Order	Case No.	Company	Decision
7-7-89	8900001	Maplewood Service Co.	Case Settled
7-7-89	8900421	Maplewood Service Co.	Case Settled
—	—	Moore Bend Water	Change Flat to Meter Rate
10-21-88	8900129	White River Valley Water Co.	No Increase
3-1-89	8900139	South Jefferson County Utilities	Case Settled
3-1-89	8900140	South Jefferson County Utilities	Case Settled
6-1-89	8900165	Rogue Creek Utilities	Case Settled
6-1-89	8900166	Rogue Creek Utilities	Case Settled
6-1-89	8900214	Moore Bend Water Co.	Case Settled
7-1-89	8900217	Rex Deffenderfer Water Co.	Case Settled
5-12-89	8900261	Osage Water Co.	Case Settled
—	8900292	Davis Water Co.	Pending
4-1-89	8900321	Merriam Woods Water Co.	Withdrawn
2-1-89	8900077	Crystal Springs Devel. Co.	Withdrawn
4-1-89	8900351	Merriam Woods Water Co.	Surcharge Granted
4-1-89	8900355	Wilden Heights Water Co.	Case Settled
—	8900352	Merriam Woods Water Co.	No Increase
—	8900330	Lake Carmel Sewer Co.	No Increase
1-1-89	8900412	Noel Water Co.	Case Settled
—	—	St. Louis County Water Co.	Case Settled
4-28-89	8900402	St. Louis County Water Co.	Case Settled
9-1-89	8900451	Rocky Ridge Ranch Util. Co.	Case Settled
—	8900408	St. Louis County Water Co.	Case Settled
—	—	Shepard of the Hills Sewer Co.	Case Settled
1-1-90	8900511	Taney County Utilities	Case Settled
12-1-89	8900521	Vogel Sewer System	Case Settled

Maps and Statistics

Electric Service Areas of Regulated Utilities



- | | |
|---|-------------------------------|
|  | ARKANSAS POWER & LIGHT CO. |
|  | CITIZENS ELECTRIC CO. |
|  | EMPIRE DISTRICT ELECTRIC CO. |
|  | KANSAS CITY POWER & LIGHT CO. |

- | | |
|---|------------------------------|
|  | MISSOURI PUBLIC SERVICE CO. |
|  | ST. JOSEPH LIGHT & POWER CO. |
|  | UNION ELECTRIC CO. |

Maps and Statistics

Calendar Year 1988 Electric Utilities' Statistics (Missouri Jurisdictional)

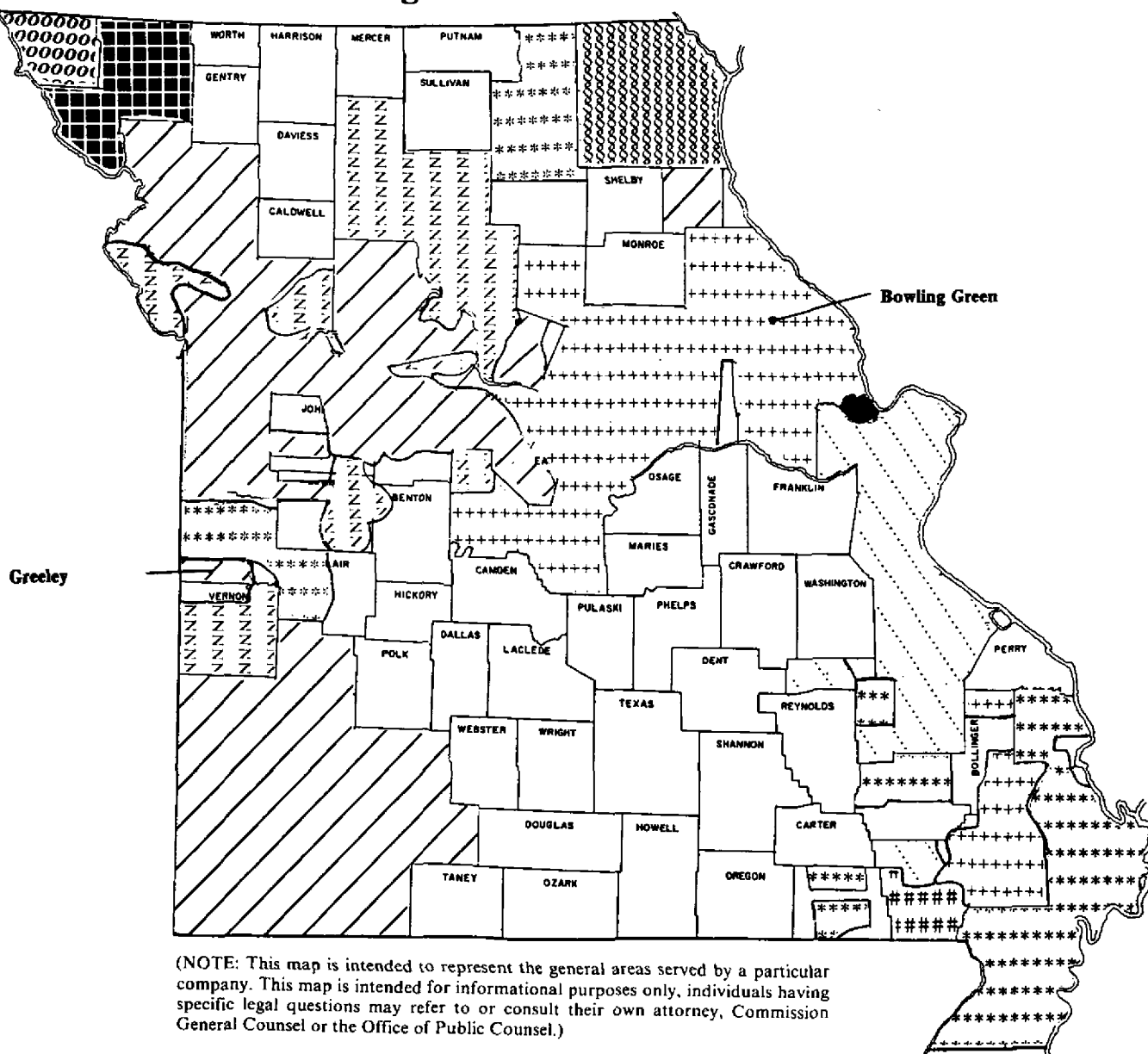
Name of Company	MWH's Sold 1988	Total Operating Revenues 1988	Total Number Residential Customers	Total Number of Customers
Arkansas Power & Light Company	661,966	\$ 43,966,247	23,529	27,321
Citizens Electric Corporation	541,675	32,495,233	16,780	18,500
Cuivre River Electric Service Company	62,526	4,186,905	3,114	3,188
Empire District Electric	2,103,123	99,535,524	80,288	95,146
Kansas City Power & Light	6,932,846	484,621,558	215,792	247,462
Missouri Public Service	3,030,766	193,143,143	137,553	157,469
Sho-Me Power Corporation*	2,166,767	88,112,039	0	29
St. Joseph Light & Power	1,270,596	66,705,883	51,456	58,026
Union Electric Company	23,765,735	1,630,678,642	860,659	974,400
TOTALS:	40,536,000	\$ 2,643,445,174	1,389,171	1,581,541

Source: 1988 Annual Reports
(Mo. Jurisdictional)

*Includes Wholesale Customers

Maps and Statistics

Gas Service Areas of Regulated Utilities



ASSOCIATED NATURAL GAS CO.

GREAT RIVER GAS CO.

KPL GAS SERVICE

LACLEDE GAS CO.

MISSOURI PUBLIC SERVICE CO.



MISSOURI VALLEY

O'FALLON GAS SERVICE, INC.

UNITED CITIES

ST. JOSEPH LIGHT AND POWER CO.

UNION ELECTRIC CO.

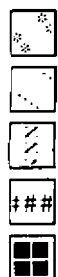
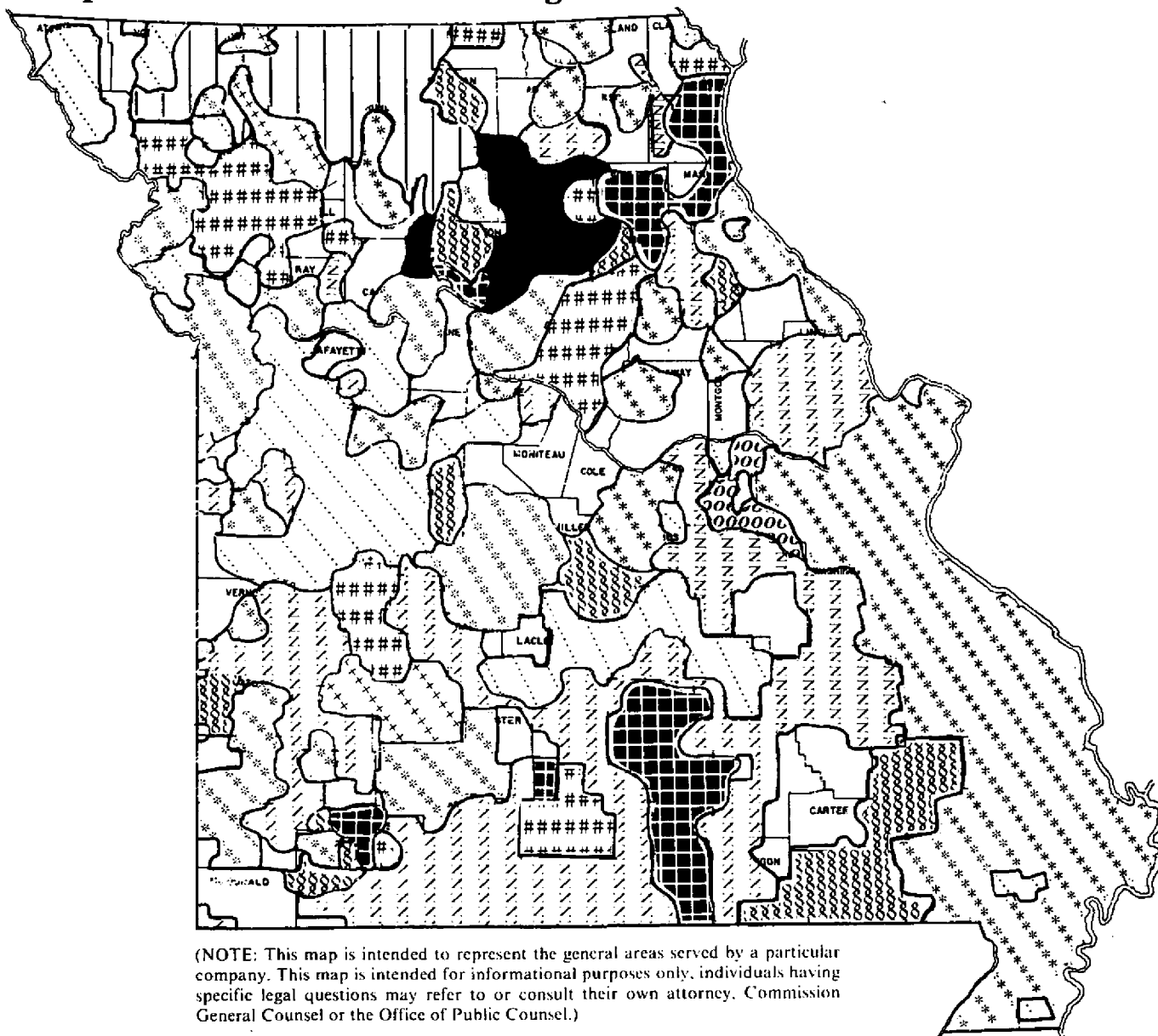
Maps and Statistics

Calendar Year 1988 Natural Gas Utilities' Statistics (Missouri Jurisdictional)

Name of Company	MCF's Sold 1988	Total Operating Revenues 1988	Total Number Residential Customers	Total Number of Customers
Associated Natural Gas Company	6,525,870	\$ 29,839,816	37,146	42,336
Bowling Green Gas Company	169,709	877,724	1,102	1,319
Great River Gas Company	1,906,249	10,434,899	10,472	11,774
Greeley Gas Company	43,958	315,057	479	543
KPL Gas Service	78,616,718	298,239,836	402,052	435,328
Laclede Gas Company	100,304,992	480,963,980	544,090	579,868
Missouri Public Service	6,209,648	28,284,248	35,538	39,577
Missouri Valley Natural Gas	227,288	1,265,462	1,218	1,435
O'Fallon Gas Service, Inc.	13,835	185,958	269	269
St. Joseph Light & Power	668,195	4,085,522	3,942	4,543
Union Electric Company	12,332,509	73,167,826	80,991	90,950
United Cities Gas Company	61,683	318,079	576	672
TOTALS:	207,080,654	\$927,978,407	1,117,875	1,208,614

Maps and Statistics

Telephone Service Areas of Regulated Utilities



SOUTHWESTERN BELL TELEPHONE CO.

UNITED TELEPHONE CO.

CONTINENTAL TELEPHONE CO.

GENERAL TELEPHONE CO. OF MISSOURI

CONTEL SYSTEMS OF MISSOURI



ALLTEL SERVICE CORP.

GRAND RIVER MUTUAL TELEPHONE CORP.

MISSOURI TELEPHONE CO.

FIDELITY TELEPHONE CO.

CHARITON VALLEY TELEPHONE CO.

Maps and Statistics

Other Telephone Companies and Counties They Serve

Webster County Telephone Company
Webster and Dallas Counties

Mark Twain Rural Telephone Company
Adair, Clark, Knox, Schuyler, Shelby,
Lewis, Marion, and Scotland Counties

Citizens Telephone Company
Lafayette County

Northeast Missouri Telephone Company
Adair, Clark, Knox, Linn, Macon,
Putnam, Schuyler, Scotland, and Sullivan
Counties

Kingdom Telephone Company
Callaway and Montgomery Counties

Mid-Missouri Telephone Company
Cooper, Moniteau, and Saline Counties

Steelville Telephone Company
Crawford, Washington and Iron Counties

Green Hills Telephone Corporation
Caldwell, Carroll, Daviess, Livingston,
and Ray Counties

McDonald County Telephone Company
McDonald County

Granby Telephone Company
Newton County

Eastern Missouri Telephone Company
Montgomery, Audrain, Lincoln, and Pike
Counties

Seneca Telephone Company
Newton and McDonald Counties

Craw-Kan Telephone Company
Bates and Jasper Counties

Rock Port Telephone Company
Atchison County

Bourbeuse Telephone Company
Franklin and Gasconade Counties

Goodman Telephone Company
McDonald County

Ellington Telephone Company
Reynolds County

KLM Telephone Company
Vernon and Bates Counties

Iamo Telephone Company
Atchison and Nodaway Counties

Oregon Farmers Mutual Telephone Company
Holt County

Lathrop Telephone Company
Clinton County

Orchard Farm Telephone Company
St. Charles County

Le-Ru Telephone Company
Newton and McDonald Counties

Miller Telephone Company
Lawrence County

Stoutland Telephone Company
Camden and Laclede Counties

New London Telephone Company
Ralls County

Holway Telephone Company
Holt and Nodaway Counties

Mo-Kan Telephone Company
Cass County

Continental of Arkansas
Barry and McDonald Counties

Choctaw Telephone Company
Lawrence and Greene Counties

Wheeling Telephone Company
Livingston County

New Florence Telephone Company
Montgomery County

Alma Telephone Company
Lafayette County

Peace Valley Telephone Company
Howell County

Farber Telephone Company
Audrain County

Continental Telephone Company of Iowa
Clark County

(NOTE: Companies serve all or parts of the counties listed. This is for informational purposes only, individuals having specific legal questions may refer to or consult their own attorney, Commission General Counsel or the Office of Public Counsel.)

Maps and Statistics

Missouri Jurisdictional Telephone Companies

Company	No. of Access Lines
1. Southwestern Bell Telephone Company, St. Louis	1,874,509
2. United Telephone Company, Jefferson City	167,427
3. Continental Telephone Company, Wentzville	156,426
4. General Telephone Company, Columbia	91,472
5. Contel Systems of Missouri, Inc., Wentzville	42,406
6. ALLTEL Service Corporation, Little Rock, Ark.	27,354
7. Missouri Telephone Company, Bolivar	15,212
8. Grand River Mutual Telephone Corporation, Princeton	12,520
9. Fidelity Telephone Company, Sullivan	9,804
10. Chariton Valley Telephone Company, Bucklin	6,889
11. Webster County Telephone Company, Marshfield	4,569
12. Mark Twain Rural Telephone Company, Hurdland	3,696
13. Citizens Telephone Company, Higginsville	3,435
14. Northeast Missouri Rural Telephone Company, Green City	3,322
15. Steelville Telephone Company, Steelville	3,375
16. Kingdom Telephone Company, Auxvasse	3,387
17. Mid-Missouri Telephone Company, Pilot Grove	3,063
18. Green Hills Telephone Company, Breckenridge	2,722
19. Eastern Missouri Telephone Company, Bowling Green	2,458
20. Seneca Telephone Company, Seneca	2,237
21. McDonald County Telephone Company, Pineville	2,187
22. Granby Telephone Company, Granby	2,116
23. Craw-Kan Telephone Company, Girard, Kansas	1,844
24. Rock Port Telephone Company, Rock Port	1,513
25. Bourbeuse Telephone Company, Sullivan	1,613
26. Ellington Telephone Company, Ellington	1,422
27. Goodman Telephone Company, Goodman	1,351
28. Iamo Telephone Company, Coin, Iowa	1,072
29. KLM Telephone Company, Rich Hill	1,174
30. Lathrop Telephone Company, Lathrop	1,086
31. Oregon Farmers Mutual Telephone Company, Oregon	1,000
32. Le-Ru Telephone Company, Stella	964
33. Stoutland Telephone Company, Columbia	877
34. Miller Telephone Company, Miller	860
35. New London Telephone Company, New London	805
36. Orchard Farm Telephone Company, St. Charles	940
37. Holway Telephone Company, Maitland	550
38. Mo-Kan Dial, Inc., Lewisburg, Kansas	596
39. Continental of Arkansas, St. Louis	539
40. Choctaw Telephone Company, Halltown	402
41. New Florence Telephone Company, New Florence	359
42. Alma Telephone Company, Alma	311
43. Wheeling Telephone Company, Columbia	327
44. Peace Valley Telephone Company, Peace Valley	313
45. Farber Telephone Company, Farber	218
46. Continental Telephone Company of Iowa, St. Louis	67
Total Access Lines in Missouri	
2,460,789	

Maps and Statistics

Calendar Year 1988 Sewer Company Statistics (Missouri Jurisdictional)

Classification and Company	Customers	Classification and Company	Customers
Class B		Incline Village Sewer Company	52
(Revenue from \$250,000 - \$500,000)		LW Sewer Corporation	184
Imperial Utility Corporation	1,220	Lake Carmel Development Company	17
West Elm Place Corporation	2,757	Lake Hannibal Sewer Corporation	13
		Lake Northwoods Utility Company	14
Class C		Lincoln County Utility Company	110
(Revenue from \$50,000 - \$250,000)		Martell Private Water & Sewer Company	31
Maplewood Service Company	363	Meadows Water Company	102
Meramec Sewer Company	650	Mill Creek Sewers Incorp.	74
Terre Du Lac Utilities Corporation	763	Missouri Cities Water Company	101
W.C. Sewer Systems Incorporated	699	MPB Incorporated	68
		P.C.B. Incorporated	218
Class D		Peaceful Valley Service Company	115
(Revenue under \$50,000)		PIHI Investments Incorporated	55
Batson Development Company	163	Port Perry Service Company	36
Cassidy Water Company	6	Riverside Utility Company	37
Cedar Hill Utility Company	295	Rogue Creek Valley Incorporated	65
Central Jefferson County Utility Inc.	104	Roy L. Utilities Incorporated	51
Cleanco Sewer Corporation	8	SK&M Water & Sewer Company	81
Eastern Missouri Utilities Company	2	Schell Sanitation Incorporated	117
Elledge & Lewis Enterprises Incorporated	73	Shepard of the Hills	4
English Village Sewer Company	336	SLR Development Company	205
Franklin County Service Company	53	South Jefferson County Utility Company	96
Gladlo Water & Sewer Company	60	Southwest Sewer Corporation	-
Gold Investments Incorporated	115	Stoddard County Sewer Company	129
Herculaneum Sewer Company	122	Swiss Villa Utilities Incorporated	141
Hickory Hills Water & Sewer Company	40	Vogel Sewer System Incorporated	162
Hillcrest Utilities Company	126	Waters Edge Sewer Company	166
Hillshine Comm. W & S Company	27	Willows Utility Company	168
House Springs Sewer Company	-	Woodland Heights Utilities Incorporated	68
		WPC Sewer Company	30

Maps and Statistics

Calendar Year 1988 Water Company Statistics (Missouri Jurisdictional)

Classification and Company	Customers	Classification and Company	Customers
Class A		Hillshine-Comm. W & S Co	25
(Revenue over \$500,000)		Incline Village Water Company	51
Capital City Water Company	9,664	Jefferson County Water Company	34
Empire District Electric Company	4,068	Kimberling City Water Company	101
Missouri Cities Water Company	30,052	Lake Northwoods Utility Company	14
Missouri-American Water Company	45,824	Lakeland Heights Water Company	130
Raytown Water Company	6,608	Lakeview Heights Water Service	51
St. Louis County Water Company	279,934	Lakewood Hills Water Company, Inc.	102
Union Electric Company	13,257	Lakewood Manor Water Co.	23
U.S. Water/Lexington, Mo., Inc.	2,166	Lincoln County Utilities Company	109
Class B		LTA Water Company	67
(Revenue from \$250,000 - \$500,000)		Maplewood Service Company	363
Four Seasons Lake Sites Water Company	635	Martell Private Water & Sewer Company	26
Class C		McCord Bend Water Company	108
(Revenue from \$50,000 - \$250,000)		Merriam Woods Water Company	429
Cassidy Water Company	288	Moore Bend Water Company	96
I H Utilities Incorporated	651	Oakbrier Water Co.	44
Noel Water Company	552	Osage Water Co.	11
Terre Du Lac Utilities Corporation	903	Ozark Mountain Water Company	250
The Meadows Water Company	710	Peaceful Valley Service Company	124
Tri-State Utility Company	582	PIHI Investments Incorporated	81
Willard Water Company	740	Port Perry Service Company	112
Class D		Rankin Acres Water Company	82
(Revenue under \$50,000)		Rex Deffenderfer Enterprises, Inc.	349
A.D. Henss	92	Riverfork Water Co.	2
AREN Corporation	43	Riverside Utility Company	95
Batson Development Company	218	Rocky Ridge Ranch Utilities Company	346
Big Val Utility Corporation	8	Rogue Creek Utility Incorporated	87
Cat-Pac Waterworks Incorporated	135	Roy L. Utilities Incorporated	51
Cedar Hill Estates Water Company	173	Royal Oaks Water & Sewer Utility Co.	46
Central Jefferson County Utility Inc.	104	SK&M Water & Sewer Company	166
Coney Island Water System Incorporated	80	South Jefferson County Utility Company	96
Evergreen Lake Water Company	35	Southwest Village Water Company	50
Finley Valley Water Company	31	Stockton Hills Water Company	109
Franklin County Service Company	27	Stoneshire Water Company	43
Franklin County Water Company	109	Suburban Water Company	144
Frimel Water Systems Incorporated	72	Swiss Villa Utilities Incorporated	141
Gatliff Water Company	91	Taney County Utilities Corporation	25
Gladlo Water & Sewer Company	54	Taneycomo Projects Incorporated	329
Hickory Hills Water & Sewer Company	40	Whispering Hills Water System	54
High Ridge Manor Water Company	30	White Branch Water Service	189
Hillcrest Utilities Company	126	White River Valley Water Company	108
		Wilden Heights Water Company	20
		Willows Utility Company	168
		Woodland Heights Utilities Incorporated	68

Additional Information

Customer Services

The Missouri Public Service Commission has three offices for assisting consumers. The offices are located in Jefferson City, St. Louis and Kansas City. The Commission is open from 8-12 noon and 1-5 p.m., Monday through Friday, except on state holidays.

If you live outside of the St. Louis and Kansas City areas, you may contact the Jefferson City office without charge by using the toll-free Consumer Hotline: (800) 392-4211.

If you live in the St. Louis or Kansas City areas, you may take your complaint to the PSC Consumer Services Offices in those cities.

Jefferson City: Missouri Public Service Commission
Harry S Truman State Office Building
301 W. High
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
Toll-free Consumer Hotline for
Complaints: (800) 392-4211
Other Business: (314) 751-3234

St. Louis: Missouri Public Service Commission
The New Frisco Building
Suite 330
906 Olive Street
St. Louis, MO 63101
Telephone No: (314) 444-6807

Kansas City: Missouri Public Service Commission
Suite 510
615 E. 13th Street
Kansas City, MO 64106
Telephone No: (816) 472-2816

Additional Information

Commissioners Past and Present

The Missouri Public Service Commission was formed in 1913 by the Missouri General Assembly. Those who have served as Commissioners of the Missouri Public Service Commission since its beginning appear below:

PRESENT COMMISSION

* William D. Steinmeier	February 1, 1984
James M. Fischer	January 3, 1984
Allan G. Mueller	July 11, 1983
David L. Rauch	March 23, 1989

Former Commissioners	Length of Service	Former Commissioners	Length of Service
* John M. Atkinson	**1913-1916	John A. Ferguson	1936-1944
William F. Woerner	**1913-1914	* Albert Miller	1943-1944
John Kennish	**1913-1917 and 1920	Richard Arens	1944-1945
Frank A. Wightman	**1913-1915	* Kyle Williams	1941-1952
Howard B. Shaw	**1913-1917	Agnes Mae Wilson	1943-1949
Edwin J. Bean	1914-1925	* Morris E. Osburn	1945-1952
Eugene McQuillin	1915-1917	John P. Randolph	1949-1951
* William G. Busby	1916-1921	Henry McKay Cary	1950-1955
David E. Blair	1917-1920	Frank Collier	1953-1954
Noah W. Simpson	1917-1923	Maurice W. Covert	1952-1953
Edward Flad	1917-1921	Charles L. Henson	1942-1959
* John A. Kurtz	1920-1923	M. J. McQueen	1954-1956
Hugh McIndoe	1921-1923	D. D. McDonald	1955-1961
A. J. O'Reilly	1921-1925	Frank J. Iuen	1959-1963
Richard H. Musser	1923-1925	* Tyre W. Burton	1952-1965
* Merrill E. Otis	1923-1924	William Barton	1956-1965
D. F. Calfee	1925-1929	Frank W. May	1961-1967
* Thomas J. Brown	1923-1928	E. L. McClintock	1945-1967
James P. Painter	1928-1929	Donal D. Guffey	1963-1968
* Almon Ing	1925-1933	Howard Elliott, Jr.	1967-1970
S. M. Hutchison	1925-1931	* Marvin E. Jones	1967-1973
* Milton R. Stahl	1929-1933	* William R. Clark	1965-1975
J. Fred Hull	1929-1934	Willard D. Reine	1968-1975
* J. C. Collet	1933-1935	* James F. Mauze	1971-1975
Harry E. McPherson	1934-1935	* A. Robert Pierce, Jr.	1973-1977
J. H. Porter	1925-1933	* James P. Mulvaney	1975-1977
George H. English	1931-1936	Charles J. Fain	1965-1977
William Stoecker	1933-1936	Stephen B. Jones	1975-1979
Albert D. Nortoni	1936-1938	Hugh A. Sprague	1975-1979
W. M. Anderson	1933-1938	Stephanie Bryant	1979-1981
Scott Wilson	1938-1941	* Alberta Slavin	1977-1981
* Sam O. Hargus	1935-1937	Larry W. Dority	1979-1983
John S. Boyer	1935-1941	Leah Brock McCartney	1977-1983
Marion S. Francis	1938-1941	* Charles J. Fraas	1977-1983
* J. D. James	1937-1942	* John C. Shapleigh	1981-1984
Paul Van Osdol	1941-1943	Charlotte Musgrave	1981-1988
* Frederick Stueck	1941-1943	Connie Hendren	1983-1989

*Those who have served as Chairman of the Public Service Commission

**First Commissioners of the Public Service Commission